NEXT DIGITAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2016

The Board of Directors (the "Board" or the "Directors") of Next Digital Limited ("Next Digital" or the "Company") announces the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2016, together with the comparative figures for the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	NOTES	**2016** HK$'000	2015 HK$'000
Revenue	4	**2,327,730**	2,956,934
Production costs			
Cost of raw materials consumed		**(417,103)**	(592,279)
Other overheads		**(369,210)**	(402,114)
Staff costs		**(655,364)**	(822,643)
		(1,441,677)	(1,817,036)
Personnel costs excluding direct production staff costs		**(658,451)**	(577,556)
Other income	4	**56,596**	45,614
Net exchange gain		**4,907**	18,008
Depreciation of property, plant and equipment		**(126,066)**	(117,840)
Release of prepaid lease payments		**(1,797)**	(1,797)
Other expenses		**(242,639)**	(295,318)
Impairment loss recognised in respect of intangible assets		**(280,582)**	–
Reversal of allowance for bad and doubtful debts, net		**16,274**	18,828
Finance costs	6	**(9,353)**	(13,249)
(Loss) profit before tax		**(355,058)**	216,588
Income tax credit (expense)	7	**30,814**	(47,950)
(Loss) profit for the year	8	**(324,244)**	168,638
Other comprehensive income (expense)			
Item that will not be reclassified subsequently to profit or loss:			
Actuarial gain (loss) from remeasurement of defined benefit obligations, net of tax		**3,357**	(22,498)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(34,892)**	(43,869)
Total comprehensive (expense) income for the year		**(355,779)**	102,271

	NOTE	2016 HK$'000	2015 HK$'000
(Loss) profit for the year attributable to:			
Owners of the Company		**(324,688)**	164,300
Non-controlling interests		**444**	4,338
		(324,244)	168,638
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(355,445)**	99,872
Non-controlling interests		**(334)**	2,399
		(355,779)	102,271
(Loss) earnings per share	*10*		
– Basic		**HK(13.4)cents**	HK6.8 cents
– Diluted		**HK(13.4)cents**	HK6.8 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	NOTES	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Intangible assets	11	**1,020,299**	1,300,881
Property, plant and equipment	12	**1,094,647**	1,211,520
Prepaid lease payments	13	**54,367**	56,164
Deposits for acquisition of property, plant and equipment		**8,857**	3,568
		2,178,170	2,572,133
CURRENT ASSETS			
Inventories	14	**93,313**	115,444
Trade and other receivables	15	**539,790**	610,226
Prepaid lease payments	13	**1,797**	1,797
Tax recoverable		**19,271**	21,139
Restricted bank balances	16	**1,500**	1,500
Amounts due from related parties		**3,565**	2,565
Bank balances and cash	16	**457,333**	499,846
		1,116,569	1,252,517
CURRENT LIABILITIES			
Trade and other payables	17	**445,565**	436,223
Deferred revenue	19	**5,646**	11,680
Borrowings	18	**76,305**	78,461
Provisions	21	**123,630**	105,844
Tax liabilities		**14,747**	12,562
		665,893	644,770
NET CURRENT ASSETS		**450,676**	607,747
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,628,846**	3,179,880

	NOTES	2016 HK$'000	2015 HK$'000
NON-CURRENT LIABILITIES			
Borrowings	*18*	**222,557**	307,303
Retirement benefits plans		**76,805**	85,429
Deferred tax liabilities		**213,507**	272,917
		512,869	665,649
NET ASSETS		**2,115,977**	2,514,231
CAPITAL AND RESERVES			
Share capital	*20*	**2,435,010**	2,434,747
Reserves		**(358,112)**	33,252
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**2,076,898**	2,467,999
NON-CONTROLLING INTERESTS		**39,079**	46,232
TOTAL EQUITY		**2,115,977**	2,514,231

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. BASIS OF PREPARATION

Pursuant to a special resolution passed on 5 October 2015 and the Certificate of Change of Name issued by the Registrar of Companies of Hong Kong on 20 October 2015, the Company changed its name to Next Digital Limited (壹傳媒有限公司) with effect from 20 October 2015.

The financial information relating to the years ended 31 March 2016 and 2015 included in this preliminary annual results announcement do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 March 2016 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2019

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the application of HKFRS 9 in the future may have an impact on the amounts reported and disclosed in the Group's consolidated financial statements. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 C*onstruction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Directors will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

Other than set out above, the Directors do not anticipate that the application of other new and revised HKFRSs will have a material effect on the Group's consolidated financial statements.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition

For mobile game revenue derived from the sales of in-game virtual items, the Group determines the consumable and durable virtual items and recognises revenue from durable virtual items ratably over the Player Relationship Period. The determination of consumable and durable virtual items and Player Relationship Period is based on the Group's best estimate that takes into account all known and relevant information at the time of assessment. Such estimates are subject to re-evaluation on an annual basis. Any adjustments arising from changes in the determination of consumable and durable virtual items and Player Relationship Period as a result of new information will be accounted for prospectively as a change in accounting estimate.

Income taxes

As at 31 March 2016, the Group had estimated unused tax losses of approximately HK$1,627,157,000 (2015: HK$1,416,764,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$3,357,000 (2015: nil) of such losses. No deferred tax assets has been recognised on the tax losses of approximately HK$1,623,800,000 (2015: HK$1,416,764,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more than expected, a further recognition of deferred tax assets may arise.

Provision for litigation

The management of the Group monitors any litigation against the Group closely. Provision for the litigation is made based on management's best estimate after consultation with the legal counsel on the possible outcome and liability of the Group. In case where the actual future outcomes differ from the estimation, further provision may be required. As at 31 March 2016, an amount of approximately HK$123,630,000 (2015: HK$105,844,000) has been provided for outstanding litigations. Details are set out in note 21.

Impairment loss of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows to determine the amount of impairment loss. The amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2016, the carrying amount of trade receivables was HK$427,301,000 (2015: HK$522,417,000), net of allowance for doubtful debts of HK$58,104,000 (2015: HK$76,851,000). Details are set out in note 15.

Impairment loss on intangible assets

Determining whether intangible asset is impaired requires an estimation of the value in use of the CGUs to which intangible asset has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2016, the carrying amount of intangible assets is HK$1,020,299,000 (2015: HK$1,300,881,000). For the year ended 31 March 2016, impairment loss of HK$280,582,000 (2015: nil) has been recognised.

Retirement benefit obligations

Obligations for retirement benefit and related net periodic pension costs are determined in accordance with actuarial valuations. These valuations rely on key assumptions including discount rates and expected rate of salary growth. The discount rates assumptions are determined by reference to yield on high-quality corporate bonds of appropriate duration and currency at the end of the reporting period. In case such yields are not available, discount rates are based on government bonds yields. Due to changing market and economic conditions, the underlying key assumptions may differ from actual developments and may lead to significant changes in retirement benefit obligations. During the year ended 31 March 2016, actuarial gain from remeasurement of defined benefit obligations before tax effect amounting to HK$4,045,000 (2015: actuarial loss before tax effect of HK$27,107,000) are recognised directly in equity in the period in which they occur.

4. REVENUE AND OTHER INCOME

An analysis of the Group's revenue for the year is as follows:

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Internet advertising income, internet subscription, content provision and development of mobile games and apps ("Digital businesses")	**659,731**	647,603
Sales of newspapers	**416,834**	496,324
Sales of books and magazines	**89,025**	134,136
Newspapers advertising income	**664,586**	986,927
Books and magazines advertising income	**308,802**	513,433
Printing and reprographic services income	**188,752**	178,511
	2,327,730	2,956,934
Other income		
Sales of waste materials	**8,210**	13,000
Interest income on bank deposits	**1,738**	2,148
Rental income	**19,759**	20,874
Others	**26,889**	9,592
	56,596	45,614

5. SEGMENT INFORMATION

Information reported to the Company's chief executive officer (who is the Group's chief operating decision maker, "CODM") for the purposes of resource allocation and assessment of performance focuses on types of goods delivered and services rendered. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

Operating segments	**Principal activities**
Digital businesses	Internet advertising income, internet subscription, content provision and development of mobile games and apps in Hong Kong and Taiwan
Newspapers publication and printing	Sales of newspapers and provision of newspapers printing and advertising services in Hong Kong and Taiwan
Books and magazines publication and printing	Sales of books and magazines and provision of books and magazines printing and advertising services in Hong Kong, Taiwan, North America, Europe and Australasia

All transactions between different operating segments are charged at prevailing market rates.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments.

For the year ended 31 March 2016

	Digital businesses *HK$'000*	**Newspapers publication and printing** *HK$'000*	**Books and magazines publication and printing** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
REVENUE					
External sales	**659,731**	**1,197,043**	**470,956**	**–**	**2,327,730**
Inter-segment sales	**–**	**231,937**	**7,856**	**(239,793)**	**–**
	659,731	**1,428,980**	**478,812**	**(239,793)**	**2,327,730**
Segment results	**35,162**	**23,970**	**(425,485)**	**–**	**(366,353)**
Unallocated expenses					**(27,738)**
Unallocated income					**48,386**
Finance costs					**(9,353)**
Loss before tax					**(355,058)**

For the year ended 31 March 2015

	Digital businesses *HK$'000*	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE					
External sales	647,603	1,586,104	723,227	–	2,956,934
Inter-segment sales	–	191,202	9,035	(200,237)	–
	647,603	1,777,306	732,262	(200,237)	2,956,934
Segment results	37,427	216,357	(25,733)	–	228,051
Unallocated expenses					(30,828)
Unallocated income					32,614
Finance costs					(13,249)
Profit before tax					216,588

Segment results represent the profit earned (loss incurred) by each segment without the allocation of income or expenses resulted from interest income, certain rental and other income, finance costs and certain corporate and administrative expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

As at 31 March 2016

	Digital businesses *HK$'000*	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment assets	**458,465**	**1,896,366**	**458,487**	**–**	**2,813,318**
Unallocated assets					**481,421**
Total assets					**3,294,739**
Segment liabilities	**(83,384)**	**(310,474)**	**(278,533)**	**–**	**(672,391)**
Unallocated liabilities					**(506,371)**
Total liabilities					**(1,178,762)**

As at 31 March 2015

	Digital businesses *HK$'000*	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment assets	446,998	2,037,382	814,260	–	3,298,640
Unallocated assets					526,010
Total assets					3,824,650
Segment liabilities	(82,970)	(306,408)	(226,811)	–	(616,189)
Unallocated liabilities					(694,230)
Total liabilities					(1,310,419)

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than amounts due from related parties, tax recoverable, certain bank balances and cash and corporate assets that are not attributable to segments; and

- all liabilities are allocated to operating segments other than certain other payables, tax liabilities, certain bank borrowings, deferred tax liabilities and corporate liabilities that are not attributable to segments.

Other segment information

For the year ended 31 March 2016

	Digital businesses *HK$'000*	**Newspapers publication and printing** *HK$'000*	**Books and magazines publication and printing** *HK$'000*	**Corporate** *HK$'000*	**Consolidated** *HK$'000*
Addition to non-current assets	**16,686**	**13,690**	**7,541**	**11,220**	**49,137**
Depreciation of property, plant and equipment	**17,162**	**59,160**	**45,694**	**4,050**	**126,066**
Impairment loss recognised in respect of intangible assets	**–**	**–**	**280,582**	**–**	**280,582**
Release of prepaid lease payments	**–**	**991**	**–**	**806**	**1,797**
Allowance (reversal of allowance) for bad and doubtful debts, net	**2,062**	**(6,351)**	**(11,985)**	**–**	**(16,274)**
Share-based payment expense	**4,388**	**2,454**	**–**	**5,142**	**11,984**
Loss (gain) on disposal of property, plant and equipment	**3,618**	**25**	**(238)**	**–**	**3,405**
Provision for litigation expense, net of reversal *(note 21)*	**–**	**20,877**	**2,061**	**–**	**22,938**
Legal and professional fee	**13,902**	**2,025**	**7,245**	**–**	**23,172**

For the year ended 31 March 2015

	Digital businesses *HK$'000*	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Corporate *HK$'000*	Consolidated *HK$'000*
Addition to non-current assets	19,970	17,740	9,717	566	47,993
Depreciation of property, plant and equipment	13,878	75,646	24,466	3,850	117,840
Release of prepaid lease payments	–	991	–	806	1,797
Allowance (reversal of allowance) for bad and doubtful debts, net	1,532	(16,078)	(4,282)	–	(18,828)
Share-based payment expense	5,762	4,643	–	8,313	18,718
Loss (gain) on disposal of property, plant and equipment	25	1,151	(447)	–	729
Provision for litigation expense, net of reversal *(note 21)*	–	843	22,512	–	23,355
Legal and professional fee	10,241	2,626	6,574	–	19,441

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the operations and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers *(Note)*		Non-current assets	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (country of domicile)	**1,387,691**	1,721,980	**1,479,216**	1,800,731
Taiwan	**899,503**	1,193,667	**698,276**	770,669
North America	**21,799**	19,107	**678**	733
Australasia	**7,722**	7,071	**–**	–
Europe	**7,524**	9,998	**–**	–
Others	**3,491**	5,111	**–**	–
	2,327,730	2,956,934	**2,178,170**	2,572,133

Note: The Group's revenue by geographical location is based on location of operations, irrespective of the origins of the goods and services.

Information about major customers

Revenues from customers contributing over 10% of total sales of the Group are as follows:

	2016	2015
	HK$'000	*HK$'000*
Customer A *(Note)*	**494,735**	618,735

Note: Revenue from this customer comprised revenue earned in newspapers and magazines publication amounting to HK$416,834,000 (2015: HK$496,324,000) and HK$77,901,000 (2015: HK$122,411,000), respectively.

6. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest expense on bank borrowings	**9,353**	13,249

7. INCOME TAX (CREDIT) EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**26,542**	31,276
Taiwan	**1,880**	12,802
Under (over) provision in prior years:		
Hong Kong	**1,066**	2,594
Taiwan	**(170)**	(1,011)
Other jurisdictions	**253**	399
	29,571	46,060
Deferred tax:		
Current year	**(60,385)**	1,890
	(30,814)	47,950

(a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

(b) Taiwan Income Tax is calculated at 17.0% of the estimated assessable profit for both years.

(c) Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax (credit) expense for the year can be reconciled to the (loss) profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016	2015
	HK$'000	*HK$'000*
(Loss) profit before tax	**(355,058)**	216,588
Tax at Hong Kong Profits Tax rate of 16.5%	**(58,585)**	35,737
Tax effect of expenses not deductible for tax purpose	**3,723**	8,199
Tax effect of income not taxable for tax purpose	**(10,995)**	(14,937)
Underprovision in prior years	**1,149**	1,982
Tax effect of estimated tax losses not recognised for Hong Kong subsidiaries	**33,771**	19,432
Tax effect of estimated tax losses not recognised for Taiwan subsidiaries	**390**	1,257
Utilisation of tax losses previously not recognised	**–**	(23)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**496**	485
Others	**(763)**	(4,182)
Income tax (credit) expense for the year	**(30,814)**	47,950

8. (LOSS) PROFIT FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration	**3,152**	3,114
Operating lease expenses on:		
Properties	**3,437**	6,020
Plant and equipment	**17,023**	17,641
Provision for litigation expenses, net of reversal, (included in other expenses)	**22,938**	23,355
Legal and professional fee (included in other expenses)	**23,172**	19,441
Loss on disposal of property, plant and equipment	**3,405**	729

9. DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Dividend recognised as a distribution during the year:		
2016 Interim – nil (2015: 2015 Interim of HK1.5 cents) per share	**–**	36,466
2015 Final – HK2.0 cents (2015: 2014 Final of nil) per share	**48,626**	–
2016 Special – nil (2015: 2015 Special of HK6.6 cents) per share	**–**	160,446
	48,626	196,912

The Board does not recommend any final dividend for the year ended 31 March 2016 (2015: HK2.0 cents per share).

10. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
(Loss) Earnings		
(Loss) profit for the year attributable to the owners of the Company for the purposes of basic and diluted (loss) earnings per share	**(324,688)**	164,300

	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**2,431,240,651**	2,431,006,881
Effect of dilutive potential ordinary shares: Share options and award of new shares *(Note)*	**–**	238,689
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**2,431,240,651**	2,431,245,570

Note: For the year ended 31 March 2016, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options and award of new shares since these would result in a decrease in loss per share. For the year ended 31 March 2015, the computation of diluted earnings per share does not assume the exercise of the Company's certain outstanding share options as the exercise price are higher than the average market price of the Company's shares of those options.

11. INTANGIBLE ASSETS

	Masthead and publishing rights *HK$'000*
COST	
At 1 April 2014, 31 March 2015 and 31 March 2016	1,482,799
ACCUMULATED IMPAIRMENT	
At 1 April 2014 and 31 March 2015	181,918
Impairment loss recognised for the year	280,582
At 31 March 2016	462,500
CARRYING VALUES	
At 31 March 2016	1,020,299
At 31 March 2015	1,300,881

The masthead and publishing rights are considered by the management of the Group as having an indefinite useful life because they are expected to contribute net cash inflows to the Group indefinitely. It has been tested for impairment annually and whenever there is an indication that it may be impaired.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Computer software	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST								
At 1 April 2014	287,968	856,732	76,918	1,226,394	333,673	1,485	6,237	2,789,407
Exchange difference	(13,323)	(14,934)	(407)	(14,192)	(4,232)	–	(31)	(47,119)
Additions	–	–	3,716	12,973	25,418	15,175	–	57,282
Disposals	–	–	(1,133)	(5,221)	(13,683)	–	(732)	(20,769)
At 31 March 2015	274,645	841,798	79,094	1,219,954	341,176	16,660	5,474	2,778,801
Exchange difference	(13,186)	(14,628)	(326)	(14,066)	(4,268)	–	(28)	(46,502)
Additions	–	–	3,178	–	33,443	5,916	1,311	43,848
Disposals	–	–	(1,355)	(600)	(22,573)	(6,593)	(803)	(31,924)
At 31 March 2016	261,459	827,170	80,591	1,205,288	347,778	15,983	5,954	2,744,223
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 April 2014	–	165,821	41,154	991,472	280,389	424	5,906	1,485,166
Exchange difference	–	(1,601)	(185)	(10,724)	(4,035)	–	(27)	(16,572)
Charge for the year	–	22,003	3,586	54,876	33,255	4,033	87	117,840
Eliminated on disposals	–	–	(1,076)	(4,121)	(13,224)	–	(732)	(19,153)
At 31 March 2015	–	186,223	43,479	1,031,503	296,385	4,457	5,234	1,567,281
Exchange difference	–	(1,605)	(78)	(10,825)	(3,872)	–	(24)	(16,404)
Charge for the year	–	21,432	4,072	66,250	27,076	7,147	89	126,066
Eliminated on disposals	–	–	(1,247)	(600)	(21,786)	(2,986)	(748)	(27,367)
At 31 March 2016	–	206,050	46,226	1,086,328	297,803	8,618	4,551	1,649,576
CARRYING VALUES								
At 31 March 2016	261,459	621,120	34,365	118,960	49,975	7,365	1,403	1,094,647
At 31 March 2015	274,645	655,575	35,615	188,451	44,791	12,203	240	1,211,520

As at 31 March 2016, the carrying value of the Group's land and buildings comprised the following:

	2016	2015
	HK$'000	*HK$'000*
Buildings situated in Hong Kong	**310,682**	320,568
Buildings situated outside Hong Kong on freehold land	**310,438**	335,007
Freehold land situated outside Hong Kong	**261,459**	274,645
	882,579	930,220

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the term of lease or useful lives of twenty-five to fifty years
Leasehold improvements	Over the shorter of the term of lease or estimated useful lives of five years
Plant and machinery	6.67% – 33.33%
Furniture, fixtures and equipment	20% – 33.33%
Computer software	33.33% – 50%
Motor vehicles	20%

Note: As at 31 March 2016, certain of the Group's freehold land and buildings with carrying values of HK$257,169,000 (2015: HK$226,961,000) and HK$319,277,000 (2015: HK$228,710,000), respectively were pledged as security for the Group's banking facilities (note 18).

13. PREPAID LEASE PAYMENTS

	2016	2015
	HK$'000	*HK$'000*
Leasehold land in Hong Kong	**56,164**	57,961
Analysed for reporting purposes as:		
Current asset	**1,797**	1,797
Non-current asset	**54,367**	56,164
	56,164	57,961

14. INVENTORIES

	2016	2015
	HK$'000	*HK$'000*
Raw materials	**88,985**	110,336
Work in progress	**1,354**	2,254
Finished goods	**2,974**	2,854
	93,313	115,444

15. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**485,405**	599,268
Less: allowance for doubtful debts	**(58,104)**	(76,851)
	427,301	522,417
Prepayments *(Note)*	**58,327**	58,678
Rental and other deposits	**13,603**	15,284
Others	**40,559**	13,847
Trade and other receivables	**539,790**	610,226

Note: Included in the balance are mainly rental and utilities prepayments of HK$4,388,000 (2015: HK$5,215,000), value-added tax receivables of HK$16,123,000 (2015: HK$16,876,000) and other prepayments of HK$37,816,000 (2015: HK$36,587,000).

The Group allows credit terms of 7 to 120 days to its trade customers. The following is an aged analysis of the trade receivables after deducting the allowance for doubtful debts presented based on invoice dates, which approximated the respective revenue recognition dates, at the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
0 – 1 month	**149,335**	280,821
1 – 3 months	**162,516**	174,407
3 – 4 months	**56,827**	39,899
Over 4 months	**58,623**	27,290
	427,301	522,417

Before accepting any new customer, the management of the Group estimates the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed twice a year. Trade receivables that are neither past due nor impaired have no default payment record.

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK$58,623,000 (2015: HK$27,290,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the Directors assessed that the balances will be recovered based on their settlement records. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables which are past due but not impaired:

	2016	2015
	HK$'000	*HK$'000*
Over 4 months	**58,623**	27,290

Movement in the allowance for doubtful debts

	2016	2015
	HK$'000	*HK$'000*
Balance at beginning of the year	**76,851**	96,667
Impairment loss recognised	**1,377**	4,526
Reversal of allowance for bad and doubtful debts	**(17,651)**	(23,354)
Exchange difference	**(472)**	(583)
Amounts written off as uncollectible	**(2,001)**	(405)
Balance at end of the year	**58,104**	76,851

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$58,104,000 (2015: HK$76,851,000) which have delayed payments with poor settlement record. The Group does not hold any collateral over these balances.

The Group does not hold any collateral over other receivables. The Group has not provided for impairment loss as the Directors assessed that the balances will be recovered based on their settlement records.

The Group's trade receivables that are denominated in currencies other than functional currencies of the respective group companies are set out below:

	2016		2015	
	Denominated currency	**Equivalent to**	Denominated currency	Equivalent to
	$'000	***HK$'000***	*$'000*	*HK$'000*
USD	**516**	**3,998**	602	4,665
AUD	**27**	**161**	110	646
GBP	**9**	**104**	–	–

16. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

As at 31 March 2016, bank balances amounting to HK$1,500,000 (2015: HK$1,500,000) were restricted for the use of settling certain potential debts and claims as stipulated as part of a share capital reduction exercise carried out during the year ended 31 March 2015. The restricted bank balances carry fixed interest rate at 0.20% (2015: 0.60%) per annum for the year. The management expects that the restricted bank balances will be withdrawn within one year after the year ended 31 March 2016.

Included in bank balances and cash is an amount of approximately HK$191,945,000 (2015: HK$200,362,000) placed in time deposits for periods from 1 week to 12 months. Such deposits bear fixed interest between 0.20% to 1.31% (2015: 0.35% to 1.31%) per annum.

The remaining bank balances are placed in current and savings accounts, the former bear no interest and the latter bear prevailing market interest rate of 0.10% (2015: 0.10%) per annum.

17. TRADE AND OTHER PAYABLES

The average credit period taken for trade payables is 7 to 120 days.

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**68,759**	81,635
Accrued staff costs	**176,285**	187,766
Accrued charges *(Note a)*	**120,808**	108,676
Other payables *(Note b)*	**79,713**	58,146
Trade and other payables	**445,565**	436,223

Note a: The balance includes accrual for repair and maintenance expenses of HK$42,904,000 (2015: HK$38,994,000), accrual for utilities of HK$14,127,000 (2015: HK$13,451,000 and other miscellaneous accrual of HK$63,777,000 (2015: HK$56,231,000).

Note b: The balance includes deposit received for subscription of and advertisement in newspapers, magazines and internet of HK$5,051,000 (2015: HK$5,713,000) and receipt in advance from customers of newspaper publication of HK$24,674,000 (2015: HK$19,729,000) and other operating expenses payables of HK$49,988,000 (2015: HK$32,704,000).

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
0 – 1 month	**47,600**	56,228
1 – 3 months	**16,359**	22,105
Over 3 months	**4,800**	3,302
	68,759	81,635

The Group's trade payables that are denominated in currencies other than functional currencies of the respective group companies are set out below:

	2016	2015
	Denominated currency	Denominated currency
	$'000	*$'000*
USD	**2,214**	2,320
Equivalent to	**HK$17,171**	HK$17,982

18. BORROWINGS

An analysis of the secured bank loans of the Group is as follows:

	2016	2015
	HK$'000	*HK$'000*
Carrying amount repayable		
– on demand or within one year	**76,305**	78,461
– in the second year	**76,305**	78,461
– in the third year	**76,305**	78,461
– in the fourth year	**69,947**	78,461
– in the fifth year	**–**	71,920
	298,862	385,764
Less: Amount due within one year or on demand shown under current liabilities	**(76,305)**	(78,461)
Non-current portion	**222,557**	307,303

Bank loans comprise balances of HK$298,862,000 carrying interests at Postal Saving 2 Years Floating Rate in Taiwan plus 1.4275% per annum (2015: bank loans of HK$385,764,000 carrying interests at Postal Saving 2 Years Floating Rate in Taiwan plus 1.4275% per annum).

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.59% (2015: 2.80%) per annum.

The Group's borrowings are denominated in the NT$, functional currencies of the relevant group entities.

As at 31 March 2016 and 2015, the Group had total unutilised bank loan facilities of HK$100,546,000 (2015: HK$4,160,000).

19. DEFERRED REVENUE

Deferred revenue represents service fee paid by the Paying Players, for which the related services had not been rendered as at 31 March 2016 and 2015.

20. SHARE CAPITAL

	Number of shares		Share capital	
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015
			HK$'000	*HK$'000*
Issued and fully paid:				
At beginning of year	**2,431,006,881**	2,431,006,881	**2,434,747**	3,359,709
Issue of ordinary shares in relation to award of new shares	**310,000**	–	**263**	–
Capital reduction *(Note)*	**–**	–	**–**	(924,962)
At end of the year	**2,431,316,881**	2,431,006,881	**2,435,010**	2,434,747

Note: On 9 May 2014, the Hong Kong High Court made an order confirming the reduction of the share premium account of the Company by HK$924,962,000 which has become effective upon the registration of such order with the Companies Registry on 22 May 2014. The Company reduced its share capital account by HK$924,962,000 to set off against the Company's total accumulated losses during the year ended 31 March 2015.

21. PROVISIONS

	Litigations	
	2016	2015
	HK$'000	*HK$'000*
At beginning of the year	**105,844**	113,959
Additional provision during the year	**25,431**	24,178
Payment during the year	**(4,298)**	(30,519)
Reversal during the year	**(2,493)**	(823)
Exchange difference	**(854)**	(951)
At end of the year	**123,630**	105,844

As at 31 March 2016 and 2015, the Group had provisions classified as current liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business.

This provision was recognised based on management's best estimate after consultation with the legal counsel on the possible outcome and liability of the Group. In cases where the actual future outcomes differ from the estimation, further provision may be required.

Included in the Group's total provision is a litigation with BaWang International (Group) Holdings Limited ("BaWang International") and BaWang (Guangzhou) Company Limited ("BaWang Guangzhou"). In July 2010, BaWang International (as 1st Plaintiff) and BaWang Guangzhou (as 2nd Plaintiff) (collectively referred to as the "Plaintiffs") issued a writ against Next Magazine Publishing Limited ("NMPL") in respect of an article published in the weekly magazine – *Next Magazine,* alleging, amongst other things, that certain parts of such article were defamatory and/or amounted to a malicious falsehood. NMPL filed a Defense to such claim in January 2011.

Trial commenced on 2 March 2015 and concluded on 29 August 2015. The judgment (the "Judgment") made by the High Court has been handed down on 23 May 2016. The High Court has found in favour of the Plaintiffs on certain grounds but has dismissed the Plaintiffs' claim in malicious falsehood and in conclusion has ordered, amongst other matters, NMPL to pay a total of approximately HK$3.0 million in damages and 80.0% of the Plaintiffs' legal costs. The Board, upon receipt of further legal advice, will consider filing an appeal to the High Court in respect of liability and/or quantum of damages, within 28 days from 23 May 2016, the date on which the Judgment has been handed down. Having taken into account the amount of damages being ordered to pay, the Board considered that the Judgment will not have any material adverse impact on the Group's ordinary operations and financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance

In light of the dampened economy and continuing shift from print to digital advertising during the year, the Group has been rationalising the print operation which has undergone a series of downsizing and consolidation exercises for its publication and printing operations in Hong Kong. During the year under review, the Group has ceased the publication of *Sudden Weekly*, *Next+ONe* and *FACE* and streamlined *Next Magazine's* structure with an aim to reducing its operating costs. These efforts, which has a negative impact on the Group's performance in short term, would enable the Group to focus its resources on future growth opportunities.

The shift to digital, as well as the advent of the multi-device world has brought business opportunities with potentially new revenue streams, the Group has capitalised on this growth trend and is well positioned to expand our products and services to stay in front of this change.

During the year under review, the Company has changed its name from "Next Media Limited" to "Next Digital Limited" in order to reflect the strategic move of the Group to focus towards digital business and align with its business nature and growth objectives.

Next Digital's total revenue amounted to HK$2,327.7 million during the year ended 31 March 2016, a decrease of HK$629.2 million or 21.3% against the figure of HK$2,956.9 million earned in the previous 12 months. This was primarily attributable to a significant decline in print advertising revenue in both markets; the expenses incurred for the downsizing and consolidation of the Group's Books and Magazines Publication and Printing Division resulting from the cessation of publication of *Sudden Weekly*, *Next+ONe* and *FACE* as well as the restructuring of *Next Magazine* in Hong Kong; and the impairment of the mastheads and publishing rights of *Sudden Weekly, Next Magazine* and *Eat & Travel Weekly*. Also closely associated to this decrease was the drop in circulation income of the Group's publications due to the evolution of the readers' preference from print properties to free online media.

Digital Businesses Division

With the rapid growth of digital media, our Digital Businesses Division's contribution to the Group has taken on increasing importance during the year under review.

The Division's external revenues, consisting of subscription fees, online advertising revenue, content licensing payments, games and content sponsorship and in-app purchase of virtual products, amounted to HK$659.7 million during the year under review, an increase of 1.9% on the previous year's figure of HK$647.6 million, of which, around 76.4% was generated in Hong Kong and others while the remaining was from Taiwan.

The Division recorded a segment profit of HK$35.2 million, a dip of 5.9% from a segment profit of HK$37.4 million in the previous 12 months. This was mainly attributable to a decrease in revenue contribution from the mobile games business unit, resulting from delays in launching of new mobile games. On the other hand, the digital versions of *Apple Daily* experienced a significant revenue growth of 20.1%, thus further establishing it as the key growth driver for the Group.

During the year, the digital (mobile and web) version of *Apple Daily* maintained its dominant position as Hong Kong's most-visited interactive news destination. It attracted more than 37.2 million view counts every day from all channels and devices (Source: Apple Daily Internal Server log), and has an average of 4.1 million monthly unique users (Source: ComScore – March 2016). In addition, *Apple Daily* is the top media pages on *Facebook* and the No.1 *YouTube* channel in Hong Kong (Source: Socialbakers – February 2016).

Innovation is a part of life of the *Apple Daily* culture. In the past year, *Apple Action News* has added 360 degree videos to its news story coverage. It has also experimented with Virtual Reality (VR) and Augmented Reality (AR) story telling techniques, and launched a native advertising campaign using the latter.

Following the success of *Apple Daily*'s digital efforts, the Group has also introduced the mobile app version for *Next Plus*, *Eat & Travel*, *Ketchuper* into the market. These apps serve as the main vehicles to extend the Group's leadership in magazine readerships by transforming their popular contents into videos and animated news.

In Taiwan, *Taiwan Apple Daily*'s portal has also maintained its leadership position in digital platforms, attracting 20.8 million view counts every day from all platforms and devices with monthly unique users of 11.8 million (Source: Apple Daily Internal Server Log).

In the last quarter of 2015, the Group also launched a new unit targeting at the USA market with the digital version of *Apple Daily*. By March 2016, the USA version of *Apple Daily* had attracted 1.6 million average monthly unique users, representing a promising new frontier for the Group.

To capture the business potentials of the small to medium retail enterprises, which has been underserved by the media industry, the Division has launched an e-Classified service, providing location based, targeted advertising and promotion services to this segment under the Red Page banner in the *Apple Daily* portal. Within its first year, the unit has signed up over 10,000 small and medium retail outlets onto the Red Page, and will aim to monetise on this new advertiser base by connecting them with the 4.0 million monthly users of *Apple Daily*.

The Division's mobile games unit suffered a set back with a number of unplanned delays in the launching of new games into the market. Nevertheless, the unit's flagship game, *Barcode Footballer*, had maintained a strong and loyal group of followers, and continued to deliver a major share of revenue for the unit.

The Division continues to look for new services for our readers and will make further investments in improving the information technology infrastructure to support more revenue generating opportunities.

Newspapers Publication and Printing Division

The Newspapers Publication and Printing Division continued to account for the larger share of the Group's revenue. However, as consumers and advertisers are rapidly moving away from traditional print media, our operation was faced with a shrinking business environment. During the year under review, the Group has focused in rationalising the Division to enhance its operating efficiency and accelerating the transformation into digital media. The Division's revenue for this year amounted to HK$1,197.0 million, a decrease of 24.5% against the figure of HK$1,586.1 million for the last year, which was mainly attributable to the decrease in both print advertising income and sales of newspapers.

Apple Daily

The vivid presentation of *Apple Daily* together with its fearless investigation and unbiased reporting of the facts caught the eyes of the public audiences and enabled the title to retain its position as the most widely read paid-for newspaper in Hong Kong.

During the year under review, *Apple Daily*'s revenue amounted to HK$458.3 million, a 24.6% decrease on the previous year's figure of HK$607.7 million. Its advertising revenue for the year was HK$230.6 million, a 32.9% decrease on the previous year's total of HK$343.7 million. Due to the continued contraction of sales in the newspaper, its circulation revenue decreased to HK$227.7 million, which was 13.8% lower than the previous year's figure of HK$264.0 million.

Taiwan Apple Daily

The outspoken and incisive reporting style of *Taiwan Apple Daily*, together with its lively and colourful format earned its dominant position amongst the newspapers in the island since its first debut in 2003 and attracted loyal readers with excellent demographic profiles.

Taiwan Apple Daily's total revenue stood at HK$594.7 million, a decrease of 28.9% on the previous year's HK$836.0 million. Advertising revenue accounted for HK$403.9 million of this, 32.9% less than the figure of HK$601.8 million recorded for the preceding 12 months, whereas its circulation revenue accounted for HK$189.1 million, 18.6% less than the figure of HK$232.3 million a year earlier.

Taiwan Sharp Daily

Since its launch in October 2006, *Taiwan Sharp Daily*, the Group's free daily, has been distributed to travelers with a daily mix of news, entertainment and features at Taipei Rapid Transit's subway stations every morning from Monday to Friday with a daily average of 120,000 copies during the year.

This free daily has been proved popular with advertisers, in particularly, small local advertisers who cannot afford expensive island-wide advertising campaigns, as it offers cost-efficient access to the commuters. During the year under review, the major advertisers for *Taiwan Sharp Daily* were mainly from department stores, banking, food, restaurant and computer, communications, consumer electronics.

Apple Daily Printing Limited ("ADPL")

The newspaper printing business was affected by the decrease in the print runs of the Group's newspaper publications. Nonetheless, ADPL continued to make positive contribution to the Group. It recorded a total revenue of HK$234.1 million for the year, a decrease of 2.3% on its total revenue of HK$239.7 million during the previous year. Apart from transactions related to the Group's newspaper publications, the external revenue of ADPL amounted to HK$113.9 million for the year, an increase of HK$13.0 million or 12.9% against the figure of HK$100.9 million achieved last year.

Books and Magazines Publication and Printing Division

Due to intense competition and the shift of reading habit from print properties to free online media, the revenue for the Books and Magazines Publication and Printing Division was decreased by 34.9% to HK$471.0 million as compared to last year's figure of HK$723.2 million.

The Division recorded a segment loss of HK$425.5 million during the year under review, compared with a segment loss of HK$25.7 million, a substantial increase in loss of HK$399.8 million. This was mainly attributable to the impairment of the masthead and publishing right of *Sudden Weekly* in an amount of HK$96.9 million as a result of the cessation of its publication in August 2015, as well as the further impairment of the mastheads and publishing rights of *Next Magazine* and *Eat & Travel Weekly* amounting to HK$163.3 million and HK$20.4 million respectively after the Directors have thoroughly considered their respective recoverable amounts pursuant to the valuation on the Group's mastheads and publishing rights for the year ended 31 March 2016 and taken into account the challenging operating environment for print media, in particular, the highly competitive magazines market and the ongoing integration of the print magazine contents into the Group's digital platform in the upcoming months. In addition, the increase in such segment loss was due to the significant decrease in advertising revenue and circulation income of the Group's magazines; and the expenses including the redundancy payment, incurred for the consolidation of the Division resulting from the cessation of publication of *Sudden Weekly*, *Next+ONe* and *FACE* as well as the restructuring of *Next Magazine* in Hong Kong during the year.

In light of the success in transforming the Group's newspaper – *Apple Daily* from a print daily to a print daily integrated with digital paper reaching out a world of audiences, the Division is now following the same footprint and undergoing the transformation to integrate all its popular contents from print version to both offline and online versions to broaden its advertisers and audiences base for new business opportunities.

Next Magazine Bundle

In August 2015, *Next Magazine Bundle*, which originally incorporating *Next Magazine* and *Next+ONe*, (the "*Old Next Magazine Bundle*") has undergone a restructuring exercise and ceased the publication of *Next+ONe*. Following the cessation of publication of *Sudden Weekly*, in August 2015 as well, the two weekly magazines, *Eat & Travel Weekly* and *ME!*, have been bundled with *Next Magazine* as a bundle so as to enhance the appeal of *Next Magazine* at the same selling price of HK$20.0 since 13 August 2015 (the "*New Next Magazine Bundle*").

In May 2016, *ME!* has ceased its publication and *Auto Express* and *Trading Express* have been bundled with *New Next Magazine Bundle* in June 2016.

The Group's flagship weekly, *Next Magazine Bundle*, was Hong Kong's most widely read Chinese weekly magazine during the period from January to December 2015.

Due to the very difficult market conditions, the advertising revenue of the *Old Next Magazine Bundle* for the period from April to August 2015 amounted to HK$36.7 million, whilst the advertising revenue of the *New Next Magazine Bundle* for the period from August 2015 to March 2016 was HK$70.7 million, totaling, HK$107.4 million, a decrease of 28.4% compared with the figure of HK$149.9 million for last year, whereas its total revenue was HK$149.5 million, a decrease of 23.9% on the figure of HK$196.5 million recorded in the preceding 12 months. This was mainly attributed by the significant fall in advertising revenue during the year.

Sudden Weekly Bundle

Sudden Weekly Bundle, comprising, *Sudden Weekly*, *Eat and Travel Weekly* and *ME!*, recorded a decline in advertising revenue as well as circulation. In August 2015, the Group has made a strategic decision to cease the publication of *Sudden Weekly* and bundle the two weekly magazines, *Eat & Travel Weekly* and *ME!* with *Next Magazine* as *New Next Magazine Bundle*.

During the period from April to August 2015, *Sudden Weekly Bundle*'s total revenue amounted to HK$65.5 million.

FACE Bundle

The *FACE Bundle*, which incorporates *FACE*, *Ketchup*, *Auto Express* and *Trading Express*, focuses on affluent, image-conscious young adult readers.

In April 2016, the Group has ceased the publication of *FACE*. *Ketchup*, *Auto Express* and *Trading Express* were sold as a bundle at a selling price at HK$10.0 since 6 April 2016. In June 2016, *Ketchup* has ceased its print version and switched its focus to digital version on the Group's portal, whilst *Auto Express* and *Trading Express* have been bundled in *New Next Magazine Bundle*.

Taiwan Next Magazine Bundle

Taiwan Next Magazine, the island's most widely read weekly, its advertising revenue amounted to HK$91.9 million during the year ended 31 March 2016, a decrease of 19.9% on the figure of HK$114.7 million for the previous 12 months. Its total revenue recorded a drop of HK$30.5 million or 20.4% to HK$119.0 million for the year, compared to HK$149.5 million for the last year.

Commercial Printing

Apart from complementing the printing working of the Group's magazines, Next Digital's commercial printing business is facing keen competition from an increasing number of rival companies in the Mainland China and elsewhere around the world. Its operations for the year was also adversely affected by economic conditions in many parts of the world, which led to a dearth of new business and existing clients became increasingly price sensitive.

The total revenue of the commercial printing business for the year ended 31 March 2016 amounted to HK$130.7 million, which was 20.9% less than its revenue of HK$165.2 million during the previous year. Of which, revenue from external customers amounted to HK$73.1 million, a decrease of 3.4% on the preceding year's figure of HK$75.7 million. This was mainly attributable to the cessation of publication and/or decrease in print runs of the Group's magazines as well as the decrease in external printing orders.

PROSPECTS AND OUTLOOK

The Group is very conscious of the changing landscape of the media industry. It will continue to rationalise and streamline its print operations, while focus its efforts on capturing the digital opportunities.

The digital business world is rapidly evolving, intensely competitive and is subject to changing technologies, shifting readers' preferences and frequent introductions of new products and services. It is crucial that we have the ability to rapidly deliver innovative products and services to meet the changing demands of our readers in order to compete successfully. We will continue to focus on delivering more targeted advertising with digital media, supported by sound information technology infrastructure, and more innovative and entertaining features for our readers and reach out to a wider global audience.

Financial Review

Consolidated Financial Results

Revenue

Next Digital's total revenue amounted to HK$2,327.7 million during the year ended 31 March 2016, a decrease of 21.3% or HK$629.2 million on the figure of HK$2,956.9 million recorded in the last year.

The Group earned most of its revenue from Hong Kong, of which, its operations accounted for HK$1,387.7 million or 59.6% of its total revenue during the year. That was followed by Taiwan, which accounted for 38.6%. Taiwan's contribution decreased by 24.6% from HK$1,193.7 million recorded in the last year to HK$899.5 million for the year under review.

During the year under review, the Digital Businesses Division generated revenue amounting to HK$659.7 million, representing an increase of HK$12.1 million or 1.9% against the figure of HK$647.6 million for the previous year.

Newspapers Publication and Printing Division continued to account for the larger share of the Group's revenue. It generated HK$1,197.0 million or 51.4% of the Group's total revenue, a decline of HK$389.1 million or 24.5% on the figure of HK$1,586.1 million for the last year.

The Books and Magazines Publication and Printing Division's revenue accounted for HK$471.0 million or 20.2% of the Group's total revenue, a substantial decrease of 34.9% on the figure of HK$723.2 million in 2014/15.

EBITDA and Segment Results

The Group's earnings before interest, taxes, depreciation, amortisation ("EBITDA") and impairments for the year ended 31 March 2016 amounted to HK$62.3 million. This was HK$282.8 million or 81.9% substantially less than the figure of HK$345.1 million in the previous year.

The Group made a segment loss of HK$366.3 million during the year under review, compared with a segment profit of HK$228.1 million in the previous year, representing a significant decrease of 260.6% or HK$594.4 million.

The Digital Businesses Division recorded a segment profit of HK$35.2 million, compared with a segment profit of HK$37.4 million during the previous year, representing 5.9% lower than the last year's figure.

The segment profit of the Newspapers Publication and Printing Division amounted to HK$24.0 million, a significant decrease of 88.9%, compared to the previous year's figure of HK$216.4 million.

The Books and Magazines Publication and Printing Division recorded a segment loss of HK$425.5 million, an increase of 1,555.6% in loss compared with the segment loss of HK$25.7 million for the preceding 12 months.

Operating Expenses

The Group's expenses amounted to HK$2,682.8 million during the year under review. This was HK$57.5 million or 2.1% lower than the previous year's figure of HK$2,740.3 million. Essential production costs accounted for HK$786.3 million or 29.3% of its operating expenses during the year. Personnel costs accounted for HK$1,313.8 million or 49.0%, a decrease of HK$86.4 million or 6.2% on the previous year's figure of HK$1,400.2 million.

Included in the above personnel costs, there was an expense amounting to HK$29.9 million incurred for restructuring and downsizing of the Group's operations, in particularly, the Books and Magazines Publication and Printing Division resulting from the cessation of publication of *Sudden Weekly*, *Next+ONe* and *FACE* in Hong Kong during the year under review.

Taxation

The income tax credit on the Group during 2015/16 amounted to HK$30.8 million, compared with the previous year's income tax expense of HK$48.0 million.

Financial Position

Current Assets and Current Liabilities

As at 31 March 2016, the Group's current assets amounted to HK$1,116.6 million, a decrease of 10.9% on the figure of HK$1,252.5 million 12 months earlier. The Group's current liabilities on the same date were HK$665.9 million, 3.3% higher than the figure of HK$644.8 million during the preceding 12 months. The aggregate total of the Group's bank balances and cash, including restricted bank balances, was HK$458.8 million, as at 31 March 2016. The current ratio on the same date was 167.7%, which was 13.7% lower than the figure of 194.3% a year earlier.

Trade Receivables

The Group's trade receivables amounted to HK$427.3 million as at 31 March 2016, a decrease of 18.2% on the figure of HK$522.4 million 12 months earlier. As at 31 March 2016, the average revenue days for the Group's trade receivables was 74.7 days, compared to 64.5 days on the same date of the previous year.

Trade Payables

As at 31 March 2016, the Group's trade payables amounted to HK$68.8 million. This was 15.7% lower than the figure of HK$81.6 million on the same date of the previous year. The average revenue days for the Group's trade payables was 66.0 days, compared to 51.9 days on the same date of the previous year.

Long-term and Short-term Borrowings

As at 31 March 2016, the Group's long-term borrowings, including current portions, stood at HK$298.9 million. This represented a decrease of 22.5% on the figure of HK$385.8 million on the same date of the previous year. As at 31 March 2016, the current portion of the Group's long-term borrowings amounted to HK$76.3 million, a decrease of 2.8% on the figure of HK$78.5 million 12 months earlier.

Borrowings and Gearing

The Group's primary source of financing for its operations during 2015/16 was the cash flow generated by its operating activities and – to a lesser extent – the banking facilities provided by its principal bankers.

As at 31 March 2016, the Group's available banking facilities amounting to a total of HK$405.2 million, of which HK$304.7 million had been utilised. There was no seasonality in the Group's bank borrowing requirements, and all the monies borrowed bear interest at floating rates.

The Group's bank borrowings during the year were denominated in NT$. As at 31 March 2016, the Group's total bank balances, including restricted bank balances and cash on hand, amounted to HK$458.8 million. Its gearing ratio on the same date was 9.1%, compared to 10.1% a year earlier. The Group's gearing ratio is calculated by dividing long-term borrowings, including current portions, by total assets value.

On 12 November 2015, Apple Daily Publication Development Limited, Taiwan Branch has obtained a revolving credit facility in an aggregate amount of NT$400.0 million (equivalent to HK$96.4 million) from Taichung Commercial Bank Co., Ltd. by pledging certain printing plants in Taiwan as securities for general working capital purpose.

Share Capital Structure

Since the commencement of the Companies Ordinance (Chapter 622) on 3 March 2014, the Company's Shares have no par value. As at 31 March 2016, the Company's total amount of issued and fully paid share capital was HK$2,435.0 million and the total number of issued shares with no par value was 2,431,316,881 Shares.

Cash Flow

The Group's net cash inflow from operating activities during the year ended 31 March 2016 amounted to HK$158.1 million, compared with a net cash inflow from operating activities of HK$284.4 million the previous year.

The outflow of investment-related cash during 2015/16 was in a total of HK$46.3 million, compared to the outflow of investment–related activities of HK$45.0 million recorded during the previous year.

The Group's net cash outflow for financing activities during the year amounted to HK$140.1 million, compared to the preceding year's net cash outflow figure of HK$471.0 million. During the year, the Group has repaid bank borrowings in a total of HK$76.3 million.

Exchange Rate Exposure and Capital Expenditure

The Group's assets and liabilities are mainly denominated in HK$ and NT$. It continues to face exchange rate exposure, due to its newspapers and magazines publishing and digital businesses operations in Taiwan. It aims to reduce this exposure by arranging bank loans in NT$, as and when appropriate.

As at 31 March 2016, the Group's net currency exposure stood at NT$4,252.4 million (the equivalent of HK$1,024.7 million) an increase of 8.6% on the figure of NT$3,915.7 million (the equivalent of HK$970.2 million) a year earlier. The Group will continue to monitor its overall currency exposure and take steps to hedge further against such exposure, if and when necessary.

The Group's capital expenditure for 2015/16 was in total of HK$49.1 million. It has committed to further capital expenditure of HK$7.4 million for its continuing operations.

Pledge of Assets

As at 31 March 2016, Next Digital had pledged certain elements of the Group's Taiwan property portfolio to Taiwan banks as securities for bank loans granted to its operations in Taiwan. The aggregate carrying value of these assets was HK$576.4 million.

Contingent Liabilities and Guarantees

(a) Pending litigations

During the year under review, Next Digital incurred contingent liabilities arising as a result of a number of litigation proceedings in Hong Kong and Taiwan. Such proceedings are an occupational hazard in the publishing business.

In addition, the Group had a dispute with UDL Contracting Limited ("UDL") as the contractor for the construction of a printing facility of a subsidiary of the Company, ADPL, over amounts payable in respect of the construction of the facility. Separate legal action concerning the claim was taken against ADPL and Mr. Lai Chee Ying, Jimmy ("Mr. Lai"), a controlling shareholder of the Company, in the High Court during 2007.

Pursuant to a judgement issued by the High Court on 18 January 2008, the default judgement against ADPL was set aside and the proceedings against ADPL were referred to arbitration. UDL was ordered to pay 20.0% of ADPL's costs for the application to set aside the default judgement. ADPL also obtained an order for the payment of all of its costs relating to an application for a stay of proceedings to arbitration from UDL. This amount was received in July 2008. This litigation case has no further development since then.

In July 2010, BaWang International (Group) Holding Limited (as 1st Plaintiff) and BaWang (Guangzhou) Company Limited (as 2nd Plaintiff) (collectively referred as the "Plaintiffs") issued a writ against Next Magazine Publishing Limited ("NMPL") in respect of an article published in the weekly magazine, *Next Magazine*, alleging, amongst other things, that certain parts of such article were defamatory and/or amounted to a malicious falsehood. NMPL filed a Defence to such claim in January 2011. Trial commenced on 2 March 2015 and concluded on 29 August 2015. The judgment (the "Judgment") made by the High Court has been handed down on 23 May 2016. The High Court has found in favour of the Plaintiffs on certain grounds but has dismissed the Plaintiffs' claim in malicious falsehood and in conclusion has ordered, amongst other matters, NMPL to pay a total of approximately HK$3.0 million in damages and 80.0% of the Plaintiffs' legal costs. The Board, upon receipt of further legal advice, will consider filing an appeal to the High Court in respect of liability and/or quantum of damages, within 28 days from the 23 May 2016, the date on which the Judgment has been handed down. Having taken into account the amount of damages being ordered to pay, the Board considered that the Judgment will not have any material adverse impact on the Group's ordinary operations and financial position.

The Group has accrued for HK$123.6 million (31 March 2015: HK$105.8 million) in legal expenses under provisions. This provision was recognised in respect of the outstanding legal proceedings based on advice from legal counsel.

(b) Contingent liabilities arising from the acquisition of Database Gateway Limited

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the "Acquired Group") acquired from Mr. Lai on 26 October 2001, the Group may subject to contingent liabilities including all payments, claims, suits, damages and settlement payments and any associated costs and expenses arising, made or incurred after 26 October 2001 arising out of or connected with (1) any third-party claims made against the Acquired Group on or before 26 October 2001; (2) defamation claims, claims for infringement of intellectual property rights and other proceedings and claims which may in the future arise from the content of the newspaper and magazines published by the Acquired Group on and at any time before 26 October 2001 and (3) the contractor dispute with UDL.

Mr. Lai, a controlling shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all contingent liabilities (the "Indemnity"). In relation to the Indemnity, Mr. Lai has also procured a bank guarantee of HK$60.0 million for a term of three years up to 25 October 2016 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity. At the end of both reporting periods, no amount has been recognised in the consolidated statement of financial position as liabilities.

The Directors are of the opinion that, in view of the bank guarantee procured by Mr. Lai in favour of Next Digital and the Acquired Group, it is unlikely that the Group would incur any liability if UDL were to pursue its various claims to their ultimate conclusion. It is therefore their opinion that outstanding claims brought by UDL would not have any adverse material impact on the Group's financial position.

(c) Guarantees

Next Digital also maintains contingent liabilities that are related to various corporate guarantees the Company has provided to financial institutions for facilities utilised by certain of its subsidiaries. As at 31 March 2016, these contingent liabilities amounted to HK$405.2 million (31 March 2015: HK$395.8 million), HK$304.7 million (31 March 2015: HK$391.6 million) of which has been utilised by certain of its subsidiaries.

Intangible Assets

In accordance with current accounting standards, particularly, HKAS 38 in respect of the valuation of intangible assets, the Board appointed an independent professional valuer to conduct a valuation of the Group's mastheads and publishing rights as at 31 March 2016, based on the value-in-use approach.

According to the valuation report, the value of the Group's mastheads and publishing rights was HK$1,044.0 million as at 31 March 2016 (31 March 2015: HK$2,830.3 million) against the corresponding carrying value of HK$1,020.3 million as at 31 March 2016 (31 March 2015: HK$1,300.9 million). Therefore, a revaluation surplus of HK$23.7 million arose on a Group basis as at 31 March 2016 (31 March 2015: HK$1,529.4 million). The Group's accounting policy is to state these intangible assets at cost less accumulated amortisation and accumulated impairment loss. Therefore, no adjustment was made to the Group's Financial Statements for this revaluation surplus.

During the year under review, *Sudden Weekly* has ceased its publication in August 2015. The Directors considered that no future economic benefits were expected to be generated by the mastheads of *Sudden Weekly* with carrying value in an amount of HK$96.9 million, such amount has been fully impaired.

In addition, the Directors have further reviewed the recoverable amounts of the Group's other mastheads and publishing rights prudently and considered that an impairment loss of the mastheads and publishing rights of *Next Magazine* and *Eat & Travel Weekly* in a total of HK$183.7 million should be made for the year after taking into account the said valuation; the slack business environment, in particular, for print magazines market and the transformation of its magazines publication from print to both print and digital versions in the upcoming months.

The impairment of the aforesaid mastheads and publishing rights were non-cash items and did not have any impact on the cashflow position of the Group for the year ended 31 March 2016.

EMPLOYEES RELATIONS

As of 31 March 2016, Next Digital employed a total of 3,527 people in Hong Kong, Taiwan, Canada and the United States (2014/15: 3,922). The decrease of 395 people on the previous year's headcounts was mainly attributable to the downsizing and consolidation of the Books and Magazines Publication and Printing Division resulted from cessation of publication of certain magazines of the Group in Hong Kong during the year.

During the year under review, Next Digital's staff-related costs, including retirement benefits, totaled HK$1,313.8 million, a decrease of 6.2% on the previous year's figure of HK$1,400.2 million. This was mainly due to the decrease in headcounts during the year.

FINAL DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend for the year (2014/15: HK2.0 cents per share).

BOOK CLOSURE PERIOD

The register of members of the Company will be closed from Tuesday, 26 July 2016 to Friday, 29 July 2016, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2016 Annual General Meeting of the Company, scheduled to be held on Friday, 29 July 2016, all transfers of shares accompanied by relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 25 July 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company listed shares during the year.

AUDIT COMMITTEE

The Audit Committee's current membership consists solely of three Independent Non-executive Directors ("INEDs"), namely, Mr. Fok Kwong Hang, Terry, Mr. Wong Chi Hong, Frank and Dr. Lee Ka Yam, Danny. None of them is, or has previously been, a member of the Company's current or previous external auditors. The Chairman of the Audit Committee, Dr. Lee, possesses the professional qualifications and financial management expertise required under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Working closely with the external auditors, the Committee has reviewed the Group's audited consolidated results for the year ended 31 March 2016.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Code throughout the year ended 31 March 2016, except for Code provisions A.2.1, A.2.7, A.6.7 and E.1.2.

Due to other business engagements, Mr. Fok Kwong Hang, Terry; Mr. Wong Chi Hong, Frank; Dr. Lee Ka Yam, Danny and Dr. Bradley Jay Hamm, all being INEDs, did not attend the 2015 annual general meeting held on 31 July 2015 ("2015 AGM"). Instead, Mr. Cheung Ka Sing, Cassian ("Mr. Cheung"), the then Interim Chairman, an Executive Director and Chief Executive Officer, chaired the 2015 AGM in accordance with the provisions of Next Digital's Articles of Association. Also, during the year under review, the then Interim Chairman, Mr. Cheung, did not hold any meetings with the INEDs of the Company pursuant to Code provision A.2.7.

Following the resignation of Mr. Lai as the Chairman of the Board on 12 December 2014, Mr. Cheung has taken up the position of Interim Chairman as an interim arrangement in filling up the vacancy since then. The Board considered that the appointment of Mr. Cheung as the Interim Chairman will not impact the balance of power and authority between the Board and the senior management as clear guidelines have been set out for their respective powers and authorities. The Board, which comprises experienced and high-calibre individuals, also meets regularly to discuss issues and oversee the Group's operations. The management team, which consists of Executive Directors and members of senior management, is responsible for implementing the Group's strategic directions, setting its objectives, monitoring the performance of its operating units and ensuring effective risk-management controls.

As announced on 8 June 2016, Mr. Ip Yut Kin has been re-designated from an Executive Director to a Non-executive Director and appointed as the Non-executive Chairman of the Group. On the same date, Mr. Cheung has relinquished the position of Interim Chairman of the Group. He will continue as an Executive Director and Chief Executive Officer of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Following specific enquiries by the Company, all its current Directors have confirmed that they fully complied with the required standards of the Model Code for the year ended 31 March 2016.

PUBLICATION OF THE ANNUAL REPORT ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The annual report of the Company for the year containing all information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders and published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and of the Company at www.nextdigital.com.hk respectively in due course.

By Order of the Board
Cheung Ka Sing, Cassian
Executive Director and Chief Executive Officer

Hong Kong, 13 June 2016

FORWARD-LOOKING STATEMENTS

This announcement contains several statements that are "forward-looking", or which use various "forward-looking" terminologies. Such statements are based on the current beliefs, assumptions, expectations and projections of the Directors regarding the industry and markets in which the Group is active. Readers are reminded that such statements are subject to risks, uncertainties and other factors that are beyond the Group's control.

As at the date of this announcement, the Board comprises:–

Non-executive Director:
Mr. Ip Yut Kin
(Non-executive Chairman)

Executive Directors:
Mr. Cheung Ka Sing, Cassian
(Chief Executive Officer)
Mr. Chow Tat Kuen, Royston
(Chief Financial Officer)

Independent Non-executive Directors:
Mr. Fok Kwong Hang, Terry
Mr. Wong Chi Hong, Frank
Dr. Lee Ka Yam, Danny
Dr. Bradley Jay Hamm